

Message Text

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ACTION EA-14

INFO OCT-01 EUR-25 NEA-14 ISO-00 AID-20 EB-11 PM-07 INR-11

IO-14 L-03 NSAE-00 NSC-07 PA-04 RSC-01 DRC-01 DPW-01

PRS-01 OMB-01 SS-20 SSO-00 INRE-00 /156 W

----- 121447

O R 071000Z AUG 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 7547

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMCONSUL CAN THO

AMCONSUL DANANG

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMCONSUL NHA TRANG

AMEMBASSY PARIS

AMEMBASSY PHNOM PENH

AMEMBASSY SEOUL

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

USIA WASHDC

AMEMBASSY VIENTIANE

AMEMBASSY MOSCOW

AMEMBASSY WARSAW

AMEMBASSY WELLINGTON

USDEL JEC PARIS UNN

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

USAJFKCMA

CINCPAC

CINCPACAF

CO 7 PSYOPS GP

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CINCPACFLT

CINCUSARPAC
DEPCHIEF JUSMAAG UDORN
AMEMBASSY TEHRAN
USDAO/SAIGON
AMEMBASSY LONDON

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EO 11652: GDS
TAGS: PINT PFOR ECON VS
SUBJ: EMBASSY SAIGON'S MISSION WEEKLY AUG 1-7, 1974

BANGKOK ALSO PASS OSA; DEPT ALSO FOR AID/W; CINCPAC FOR POLAD;
DOD FOR USAJFKCMA ATTN: ATCS-WL-DSA

THE WEEK IN SUMMARY

--THE CEASEFIRE

--THIEU ADDRESSED THE PSDF ON THEIR SIXTH ANNIVERSARY

--GVN SENDS STRONG PROTEST NOTES TO PRG, ICCS

--SOBER MOOD IN SAIGON

--INDIA MOVES TOWARD "PRG"

--CREDIT MEASURES FOR AILING BUSINESSES EYED

--OPIC HEAD VISITS VIETNAM

--RICE PROPELLS PRICES

--BLACK MARKET DOLLAR RATE DROPS

I. INTERNAL

A. THE CEASEFIRE

IN MR-1 THE NUMBER OF INCIDENTS REACHED A 1974 HIGH, AS
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DID THE NUMBER OF CASUALTIES ON BOTH SIDES. NEARLY ALL
ACTIVITY WAS SOUTH OF THE HAI VAN PASS, PARTICULARLY IN
QUANG NAM PROVINCE. DANANG AIRBASE WAS ROCKETED TWICE.
WITHIN THE PROVINCE, ATTACKS WERE HEAVIEST SINCE THE CEASEFIRE.

IN MR-2 THE NUMBER OF INCIDENTS WAS UP FROM LAST WEEK.
BINH DINH PROVINCE REMAINS THE LOCUS OF ACTIVITY. REINFORCED
GVN FORCES HAVE MOUNTED A COUNTER-OFFENSIVE TO NEUTRALIZE

LAST WEEK'S COMMUNIST GAINS IN PLEIKU MANY INCIDENTS INVOLVED COMMUNIST ATTEMPTS TO INTERDICT THE LOCs TO BINH DINH AND DARLAC PROVINCES. TERRORIST ATTACKS AGAINST CIVILIANS HAVE BEEN A NEW AND DISTRESSING FEATURE OF THE NEW HIGH POINT. THERE HAVE BEEN NUMEROUS ATTACKS IN BINH DINH AND PLEIKU AND PHU YEN PROVINCES. CASUALTIES NUMBER OVER 100, MANY OF WHOM ARE WOMEN AND CHILDREN.

THE MILITARY SITUATION IN MR-3 REMAINS BASICALLY UN-CHANGED. THE MAIN CENTERS OF ACTION REMAIN BEN CAT AND THE BAO BINH AREA OF LONG KHANH PROVINCE, WHERE THE NVA/VC CONTINUE TO FRUSTRATE GVN EFFORTS TO DISLODGE THEM. THE TOTAL NUMBER OF INCIDENTS BRIEFED HAS INCREASED SLIGHTLY. THE COMMUNISTS HAVE INCREASED THEIR HARASSMENTS OF THE GIA RAY SETTLEMENT SITES IN LONG KHANH PROVINCE, WITH WARNINGS TO THE LOCAL POPULACE TO ABANDON THEM.

THE NUMBER OF INCIDENTS AND CASUALTIES DROPPED IN MR-4. IN VINH BINH ENEMY FORCES HAVE CONSIDERABLY LIMITED THE EFFECTIVE GVN PRESENCE AND NVA/VC HARASSMENT HAS CAUSED A REFUGEE MOVEMENT OUT OF THREATENED VILLAGES.

B. THIEU ADDRESSES THE PSDF ON THEIR SIXTH ANNIVERSARY

ON AUGUST 5 PRESIDENT NGUYEN VAN THIEU SPOKE TO ASSEMBLED MEMBERS OF THE PEOPLE'S SELF-DEFENSE FORCE AT SAIGON'S REPUBLIC STADIUM. THE SPEECH, WHICH WAS CARRIED LIVE ON RADIO, CELEBRATED THE SIXTH ANNIVERSARY OF THE FOUNDING OF THE PSDF. IN HIS ADDRESS THE PRESIDENT URGED THE PSDF AND THE PEOPLE OF VIETNAM TO CONSOLIDATE AND IMPROVE THEMSELVES IN THEIR STRUGGLE AGAINST THE COMMUNISTS. THIEU CITED THE CURRENT FIGHTING AS PROOF THAT THE COMMUNISTS HAVE NOT CEASED "...SCHEMING FOR A GENERAL MILITARY OFFENSIVE TO INVADE THE SOUTH WITH THEIR ARMED FORCES..."

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THIEU OBSERVED, "...WITH (THE COMMUNISTS') DESIGN TO CAPITALIZE ON THE DIFFICULT SITUATION OF OUR ALLIES, WHOM THE COMMUNISTS BELIEVE ARE NO LONGER ABLE TO ASSIST US, THE COMMUNISTS HAVE BEEN CONDUCTING AN ALL-OUT OFFENSIVE WITH A VIEW TO LAUNCHING A GENERAL OFFENSIVE IN THE NEAR FUTURE."

TO COMBAT THESE DANGERS, PRESIDENT THIEU EXPLAINED AGAIN THE IMPORTANCE OF THE ORGANIZATIONAL CHANGE AT THE VILLAGE LEVEL BROUGHT ABOUT BY THE VILLAGE SECURITY OFFICERS. (SAIGON 7745, 8084) "THEREFORE," THE PRESIDENT NOTED, "THE COMBAT PEOPLE'S SELF DEFENSE FORCES IN EACH VILLAGE OR CITY WARD HAVE BEEN COMBINED WITH THE POPULAR FORCES IN CONDUCTING COMBAT OPERATIONS UNDER THE COMMAND AND CONTROL OF A VILLAGE SECURITY OFFICER..." (FOR THE FULL TEXT OF PRESIDENT THIEU'S SPEECH, SEE FBIS S050530.)

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MRN: 1974SAIGON010395 SEGMENT NUMBER: 000002 ERROR READING TEXT INDEX
FILE; TELEGRAM TEXT FOR THIS SEGMENT IS UNAVAILABLE

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C. RICE PROPELLS PRICES

RICE LED A 1.2 PERCENT INCREASE IN USAID'S CONSUMER PRICE INDEX FOR SAIGON DURING THE WEEK ENDED AUGUST 5. MEDIUM QUALITY RICE ROSE 3 PERCENT, RICE DELIVERIES FROM THE DELTA TO THE CAPITAL IN JUNE-JULY WERE ONLY ABOUT HALF THE RATE OF THE FIRST FIVE MONTHS OF 1974. A SLOWDOWN IN SHIPMENTS IS NORMAL FOR THIS TIME OF YEAR, BETWEEN THE MAIN AND EARLY HARVESTS, PUTTING SUPPLY PRESSURE ON RETAIL PRICES. ALTHOUGH THE NATIONAL FOOD AGENCY (NFA) ANNOUNCED IN EARLY JULY THAT IT WOULD SELL SUBSTANTIAL QUANTITIES FROM ITS STOCKS TO HOLD DOWN PRICES, ACTUAL RELEASES TO DATE HAVE BEEN MINIMAL. MEANWHILE, DELTA PADDY PRICES ROSE 30 PERCENT FROM MAY 1 - JULY 15, REACTING TO SEASONAL FACTORS AS WELL AS SHARPLY HIGHER FERTILIZER AND FUEL COSTS THIS YEAR.

BEEF AND FISH WERE OTHER MAJOR PRICE GAINERS LAST WEEK, THE LATTER Owing TO COASTAL STORMS. THE FOOD INDEX WAS UP 1.9 PERCENT, BUT A NOMINAL INCREASE IN THE NON-FOOD CATEGORY HELD DOWN THE AVERAGE GAIN ON THE OVERALL INDEX.

D. BLACK MARKET DOLLAR RATE DROPS

THE BLACK MARKET RATE FOR US\$100 GREEN DROPPED THIS WEEK FROM 665/\$1 TO 647/\$1. US\$10 GREEN COULD BE BOUGHT AT THE OFFICIAL 640/\$1 RATE. MARKET SOURCES SUGGESTED THAT THE SUDDEN DECLINE RESULTED FROM LARGE SALES BY SPECULATORS WHO HAD PURCHASED DOLLARS SEVERAL WEEKS AGO IN ANTICIPATION OF A MAJOR OFFICIAL DEVALUATION. THEY HAD BID UP THE PRICE, BUT WHEN THE GOVERNMENT ANNOUNCED ONLY TWO MINOR EXCHANGE RATE ADJUSTMENTS SINCE JULY 1, MOVING THE RATE FROM 620/\$1 TO 640/\$1, THEY DECIDED TO UNLOAD THEIR DOLLAR HOLDINGS. GOLD QUOTQSS ROSE US\$2.59 TO \$141.92/TROY OUNCE EQUIVALENT. THE HONG KONG PRICE INCREASED NEARLY \$10/OUNCE

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AT THE SAME TIME, TO \$151.67.

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
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